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Measuring PACCS Strength in the Kongu Region: A Comparative Assessment of Eight Districts in Tamil Nadu

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Abstract:

This study measures the institutional strength of Primary Agricultural Cooperative Credit Societies (PACCS) across eight districts of the Kongu Region of Tamil Nadu. The study covers Coimbatore, Tiruppur, Erode, Dharmapuri, Salem, Namakkal, The Nilgiris and Krishnagiri. The analysis focuses on the number of PACCS, their distribution across circles, loan services and supporting DCCB branch networks. The eight districts together account for 1,172 PACCS functioning across 16 circles, with Salem recording the highest presence of 205 societies. The study also identifies considerable variation in PACCS strength and cooperative banking support across the selected districts. The findings highlight Salem as a leading cooperative centre and emphasise the importance of strengthening PACCS in comparatively weaker districts.

Keywords: Measuring PACCS Strength, Kongu Region, A Comparative Assessment

1. Introduction

Primary Agricultural Cooperative Credit Societies (PACCS) play an important role in extending institutional credit and cooperative services to rural communities in Tamil Nadu. As the grassroots-level institutions of the cooperative credit structure, PACCS maintain a direct presence among farmers and rural households. Their geographical distribution across districts indicates the reach and institutional spread of the cooperative credit system. Therefore, examining the distribution of PACCS is useful for understanding the relative presence of cooperative institutions across different regions. The Kongu Region of Tamil Nadu is an important geographical area comprising the districts of Coimbatore, Tiruppur, Erode, Dharmapuri, Salem, Namakkal, The Nilgiris, and Krishnagiri. These districts differ considerably in their geographical characteristics, rural population, agricultural activities and institutional development. Such differences may also be reflected in the distribution of PACCS across the region. Some districts may have more PACCS and broader institutional coverage, while others may have fewer societies. Against this background, the current paper will compare the number of PACCS across the eight districts of the Kongu region. This will be done by examining the number of PACCS across the various circles or blocks within a given district. By conducting this comparison, the current paper aims to identify the lower- and higher-PACCS districts. Finally, an overview of PACCS distribution at the district level will be presented to highlight the spread of grassroots cooperative credit societies across the Kongu region and Tamil Nadu in general.

2. Objectives of the Study

1. To examine the district-wise distribution of Primary Agricultural Cooperative Credit Societies (PACCS) in the Kongu Region of Tamil Nadu.
2. To assess the presence of PACCS across the circles/blocks of the selected eight districts.
3. To compare the distribution of PACCS among the eight districts of the Kongu Region.
4. To identify the districts with relatively higher and lower PACCS institutional presence.

3. Research Gap

Existing PACCS studies have largely examined rural credit, financial inclusion, agricultural finance and the functioning of individual cooperative societies. However, limited attention has been given to the comparative distribution and institutional presence of PACCS across the Kongu Region as a single study area. In particular, the variation in PACCS presence across the eight districts and their respective circles or blocks remains insufficiently examined. This creates a gap in understanding which districts have a relatively stronger or weaker PACCS network within the region. The present study addresses this gap through a district-wise comparative assessment of PACCS strength across the eight selected districts of Tamil Nadu.

4. Statement of the Problem

Primary Agricultural Cooperative Credit Societies (PACCS) are grassroots-level institutions through which cooperative credit societies provide services to rural people. However, there is an uneven distribution of these societies throughout the different districts of the Kongu region. Additionally, the eight districts have different numbers of PACCS, and these PACCS are unevenly distributed among the circles or blocks. Despite the significance of these cooperative institutions, little is known about credit institutions at the district level. There is no information on how many PACCS are present in the study area or whether some districts have more PACCS than others. A comparison of the number of PACCS in each district will help describe the distribution pattern of these institutions in the Kongu region. This study, therefore, focuses on comparing the strength of PACCS in the different districts.

5. Methodology

The study adopts a descriptive and comparative research approach to examine the institutional presence of Primary Agricultural Cooperative Credit Societies (PACCS) across the Kongu Region of Tamil Nadu. The study covers eight districts, namely Coimbatore, Tiruppur, Erode, Dharmapuri, Salem, Namakkal, The Nilgiris and Krishnagiri. Secondary data on the number of PACCS and their distribution across circles or blocks are used in the study. The collected information is organised at the district level and compared to identify variations in the institutional spread of PACCS. Frequency, percentage and simple comparative measures are employed to present the distribution and relative presence of PACCS across the selected districts. The analysis helps identify districts with comparatively higher and lower PACCS presence and provides an overall understanding of the cooperative credit network in the Kongu Region.

6. Review of Literature

Shailaja and Hebbar (2018) assessed the role of Primary Agricultural Cooperative Credit Societies in rural financing. They argued that these credit cooperatives play a significant role in addressing the institutional credit needs of small and marginal farmers. The researchers found that credit societies are effective at promoting agricultural development and financial inclusion in the study area because they can offer short- and medium-term credit facilities to rural residents. **Panda (2023)** assessed the survival and sustenance strategies of Primary Agricultural Cooperative Credit Societies in India and identified the cooperatives as the main link in the chain of rural credit. The researcher identified the need to strengthen PACCS's institutional framework as a critical success factor for sustaining the effectiveness of the last-mile rural credit delivery mechanism. **Khattar, Sidana, Kumar and Priscilla (2025)** evaluated the institutional transformation process of the Primary Agricultural Cooperative Societies in the state of Punjab through analysis of secondary data. The researchers found that there has been a significant transformation process in the PACS in terms of membership composition, share capital, and credit operations. **According to the Ministry of Cooperation (2026),** credit cooperatives, known as PACS, are the smallest unit of cooperative societies in India and are mandated to provide short-term institutional credit. The report indicates that credit societies have been playing an essential role in the Indian rural financing system by serving as the lowest link in the cooperative chain of credit provision, making their geographical distribution a key focus of the present study.

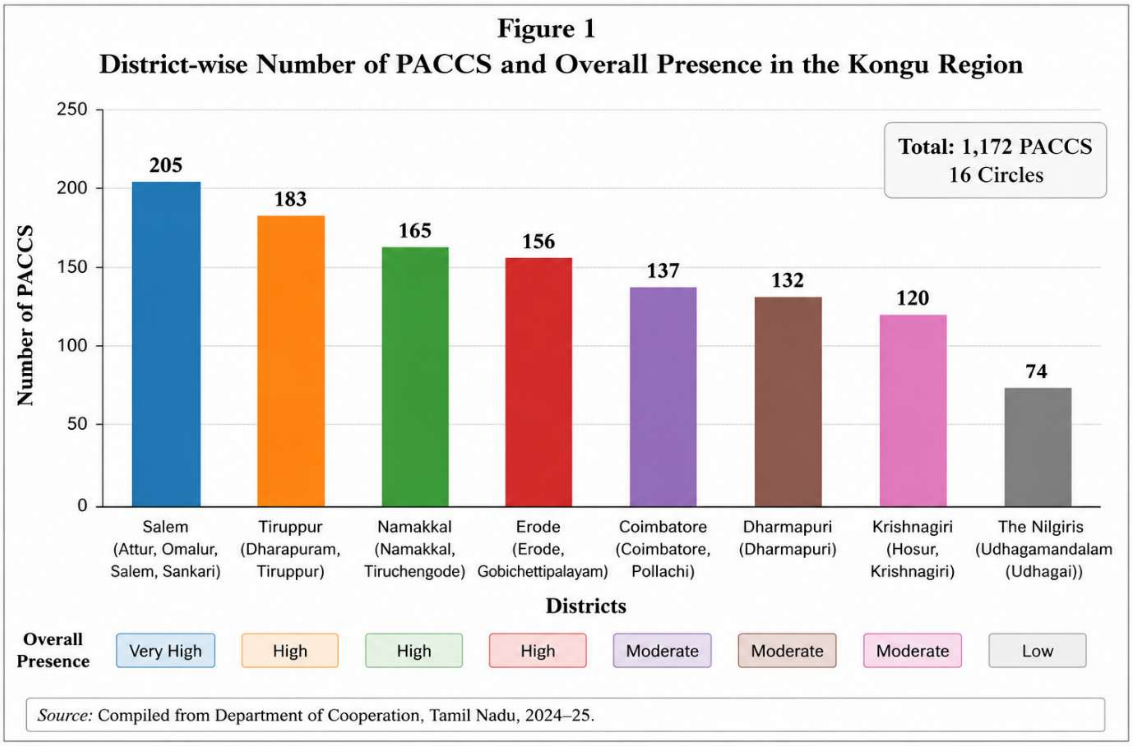
7. Result and Discussion

Needless to say, Primary Agricultural Cooperative Credit Societies are the lowest-level credit cooperative societies. The number of credit cooperative societies established in the district is vital for determining whether they are significant to the local government. There are several districts in the Kongu region, and the number of credit cooperatives established in each varies. Firstly, it should be noted that the number of PACCS varies across districts. This implies that cooperative credit societies were developed at different levels there. Secondly, according to the data below, some of the districts cover more circles than others. This means that some districts need to further develop their cooperative credit institutions, while others appear more successful in developing cooperative credit societies. For this reason, to identify the level of development of cooperative credit societies, it is necessary to check how many credit cooperatives are situated in each district, which might show the areas that might require more cooperative development and those that are already successful. Below are the statistics showing the number of PACCS in each district, presented as circles.

S.no	District	Circles	No. of PACCS	Overall Presence
1	**Salem**	Attur, Omalur, Salem, Sankari	205	Very High
2	**Tiruppur**	Dharapuram, Tiruppur	183	High
3	**Namakkal**	Namakkal, Tiruchengode	165	High
4	**Erode**	Erode, Gobichettipalayam	156	High
5	**Coimbatore**	Coimbatore, Pollachi	137	Moderate
6	**Dharmapuri**	Dharmapuri	132	Moderate
7	**Krishnagiri**	Hosur, Krishnagiri	120	Moderate

8	**The Nilgiris**	Udhagamandalam (Udhagai)	74	Low
	Total	**16 Circles**	**1,172 PACCS**	---

Sources: Registrar of Cooperative Societies, Tamil Nadu.



The district-wise distribution shows that the number of PACCS across the Kongu region's districts varies significantly. Salem district ranks at the top of the list with 205 PACCS and four circles, viz., Attur, Omalur, Salem, and Sankari, indicating the presence of PACCS across different geographical areas in the district. Tiruppur and Namakkal also have a good number of PACCS. Erode comes next with 156 PACCS in the district, and Coimbatore, Dharmapuri, and Krishnagiri have a moderate presence of PACCS, with credit institutions spread across two or fewer circles. Lastly, Nilgiris has the fewest PACCS, with only 74 credit institutions. Thus, it may be concluded that Salem tops the list of districts with the largest number of PACCS, followed by Tiruppur, Namakkal, and Erode. At the same time, Nilgiris has the fewest PACCS among the eight districts of the Kongu region.

8. Diversification of Loan Services through PACCS in the Kongu Region

The Primary Agricultural Cooperative Credit Societies (PACS) in the chosen Kongu region provide a variety of credit facilities for the needs of the local community. Many agricultural credit societies offer different types of loans, including crop, jewel, NFS, produce pledge, animal husbandry, and medium-term loans; Self Help Groups; targeted groups' credit facilities; and loans under the schemes TABCEDCO, TAMCO, and TAHDCO. Additionally, the credit organisations.

Table 2

Types of Loan Services Provided by PACCS

PACCS provide a wide range of credit facilities to meet the diverse financial needs of farmers, rural households, self-help groups and other sections of the rural community.

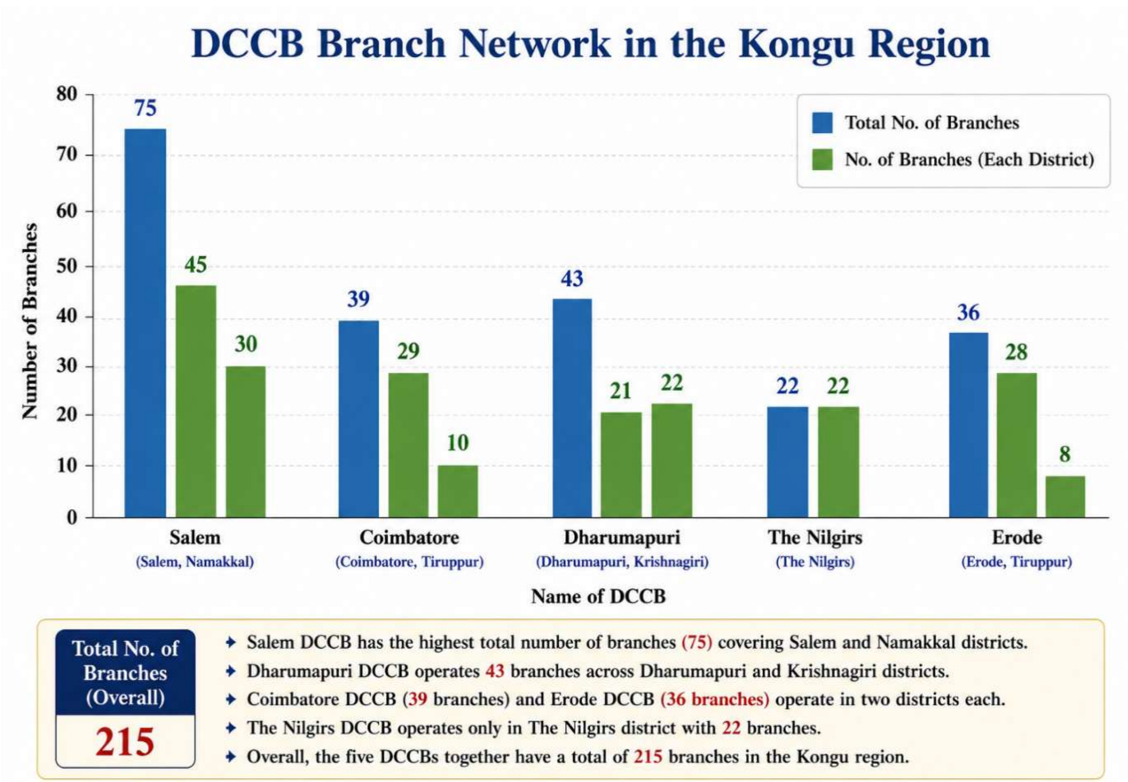
Sl. No.	Type of Loan	Purpose / Facilities
1	Crop Loan	Provides short-term credit for cultivation expenses such as seeds, fertilizers, pesticides, weedicides, labour charges, etc.
2	Jewel Loan	Loans granted against pledged gold ornaments to meet urgent financial needs.
3	NFS loan	Credit support for Non-Farm Sector activities like trade, business, services and small-scale industries.
4	Produce pledge loan	Loans advanced against agricultural produce kept as security.
5	Animal Husbandry Loan	Loans for dairy, poultry, sheep, goat, piggery and other livestock activities.
6	Medium Term Loan	Provides credit for a medium period for purchase of assets, equipment and other productive investments.
7	Self Help Groups Loan	Credit support to SHGs for income generation activities and micro-enterprises.
8	TABCEDCO Loan	Loans provided under the schemes of Tamil Nadu Backward Classes Economic Development Corporation.
9	TAMCO Loan	Loans provided under the schemes of Tamil Nadu Minorities Development Corporation.
10	TAHDCO Loan	Loans provided under the schemes of Tamil Nadu Adi Dravidar Housing and Development Corporation.
11	Differently Abled Persons Loan	Credit support for self-employment and livelihood activities of differently abled persons.
12	Housing and House Mortgage Loan	Loans for construction, purchase or renovation of houses with mortgage security.

Source: Compiled from Department of Cooperation, Tamil Nadu, 2024–25.

9. DCCB Network and PACCS Institutional Strength

District Central Cooperative Banks (DCCB) represent an essential link between higher levels of the hierarchical structure of cooperative banks and the lower-level Primary Agricultural Cooperative Credit Societies (PACCS). In this regard, the development level and network of DCCB branches serving PACCS needs are important factors in determining the features of agricultural credit in a given area. Thus, an analysis of the distribution of DCCB relative to the PACCS distribution will help us take a step towards understanding the peculiarities of the credit system in the Kongu Region. The eight districts identified were served by five DCCBs, whose branches 'network' across the region. Given the varying levels of penetration, the branch networks of DCCBs provide an important basis for comparison, helping identify the degree of institutional development across areas. In other words, the more extensive the DCCB branch network, the more opportunities for institutional support and credit services for their clients. The table below presents data on the district distribution of DCCBs and their network, which will serve as another indicator for analysing the region's credit structure.

S.no	Name of DCCB	District operation	No. of Branches	Total No of Branches
1	**Salem**	Salem, Namakkal	45,30	75
2	**Coimbatore**	Coimbatore, Tiruppur	29,10	39
3	**Dharumapuri**	Dharumapuri, Krishngiri	21,22	43
4	**The Nilgirs**	The Nilgirs	22	22
5	**Erode**	Erode, Tiruppur	28,8	36
	Total			**215**



The distribution of DCCB branches reflects the relative support that banks provide to PACCS across the Kongu Region. By comparison, Salem DCCB has 75 branches, which serve the needs of the Salem and Namakkal districts. Thus, Salem and Namakkal districts appear to have a well-established cooperative banking system. PACCS data show that Salem has the highest number of societies (205), followed by Nammakal (165). Dharmapuri DCCB has 43 branches to cater to the needs of its district and Krishnagiri. The number of PACCS is moderate in these two districts. Coimbatore DCCB serves Coimbatore and Tiruppur districts with 39 branches. Erode DCCB has 36 branches for Erode and Tiruppur. Based on the data, it can be concluded that each district has a relative proportion of DCCB branches to PACCS. For instance, Salem has the highest number of DCCB branches and PACCS societies. Thus, Salem appears to be the best district for cooperative credit in the Kongu region.

10. Key Findings

1. Salem emerged as the strongest PACCS district, with 205 societies, followed by Tiruppur (183), Namakkal (165) and Erode (156).
2. The eight selected districts together recorded 1,172 PACCS across 16 circles, indicating a substantial cooperative credit network in the Kongu Region.
3. PACCS provide a diversified loan portfolio, covering agricultural, livelihood, SHG, social welfare and housing-related credit requirements.
4. Salem DCCB recorded the highest branch strength with 75 branches, indicating strong institutional support for the cooperative credit structure.
5. The findings show that PACCS presence and DCCB institutional support together reflect the varying strength of cooperative credit infrastructure across the Kongu Region.

11. Conclusion

The study reveals that PACCS have a very strong institutional presence. The number of PACCS in the Kongu region has helped meet the diverse credit needs of the people in different capacities. The study finds a considerable number of these cooperative societies across the 16 districts of the Kongu region. In terms of numbers, Salem has the highest presence with 205 PACCS, followed by Tiruppur, Namakkal and Erode, while The Nilgiris has the least strength. This study indicates the extent to which agricultural and allied activities have been institutionalised to help meet the varied needs of the people. The study finds that DCCB extensive branch network has provided the necessary institutional basis for the PACCS functioning in the region. Salem DCCB has the highest number of branches (75), followed by other DCCBs in the study area. The study reveals that the extent of cooperative credit coverage varies across districts and underscores the need to give it due importance at the district level. There is a need to build on strengths and overcome weaknesses in coverage to ensure that more people gain access to credit and other services. It also emphasises the need for greater collaboration between DCCBs and PACCS at the grassroots level for effective coverage. In general, the study shows that the PACCS need to be strengthened and their coverage enhanced to enable them to serve their purpose in building a progressive society.

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